

West Central Community School District

Independent Auditor's Reports
Basic Financial Statements
And Supplementary Information
Schedule of Findings

June 30, 2004

Table of Contents

Officials		<u>Page</u>
		1
Independent Auditor's Report		2-3
Management's Discussion and Analysis		4-12
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	13
Statement of Activities	B	14-15
Governmental Fund Financial Statements:		
Balance Sheet	C	16
Reconciliation of the Balance Sheet-Governmental		
Funds to the Statement of Net Assets	D	17
Statement of Revenues, Expenditures and Changes in		
Fund Balances	E	18
Reconciliation of the Statement of Revenues,		
Expenditures and Changes in Fund Balances-		
Governmental Funds to the Statement of Activities	F	19
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	20
Statement of Revenues, Expenses and Changes in		
Fund Net Assets	H	21
Statement of Cash Flows	I	22
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	J	23
Statement of Changes in Fiduciary Net Assets	K	24
Notes to Financial Statements		25-33
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements		
And Changes in Balances-Budget and Actual-All		
Governmental Funds and Proprietary Funds		34
Notes to Required Supplementary Information-		
Budgetary Reporting		35
Other Supplementary Information:	<u>Schedule</u>	
Non-major Special Revenue Funds:		
Combining Balance Sheet	1	36
Combining Schedule of Revenues, Expenditures and Changes		
In Fund Balances	2	37
Schedule of Changes in Special Revenue Fund-Student		
Activity Accounts	3	38
Schedule of Revenues by Source and Expenditures by Function-		
All Governmental Funds	4	39
Independent Auditor's Report on Compliance and on Internal		
 Control over Financial Reporting		40-41
Schedule of Findings		42-43

West Central Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
-------------	--------------	---------------------

Board of Education

(Before September 2003 Election)

Jack Williams	President	2005
Chad Ingels	Vice President	2004
Duane Lowry *	Board Member	2003
Charlie Barry	Board Member	2005
Alan Albrecht	Board Member	2003
Brent Sharff **	Board Member	2003

Board of Education

(After September 2003 Election)

Jack Williams	President	2005
Chad Ingels	Vice President	2004
Charlie Barry	Board Member	2005
Alan Albrecht	Board Member	2006
Brent Sharff	Board Member	2006

School Officials

Marvin Hrubes ***	Superintendent	2004
Kenda Wedemeier	District Secretary/Treasurer & Business Manager	2004
Brian Gruhn	Attorney	2004

* Resigned October 14, 2002

** Appointed November 11, 2002

*** Resigned June 30, 2004

Independent Auditor's Report

To the Board of Education of
West Central Community School District:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Central Community School District, Maynard, Iowa, as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.


In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of West Central Community School District at June 30, 2004, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 11 to the financial statements, during the year ended June 30, 2004, West Central Community School District adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; Statement No. 41, Budgetary Comparison Schedule – Perspective Differences; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

In accordance with Government Auditing Standards, I have also issued my reports dated September 3, 2004 on my consideration of West Central Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 34 through 35 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Central Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2003 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A rectangular box containing a handwritten signature in black ink. The signature is cursive and appears to read "Keith Oltrogge".

Keith Oltrogge
Certified Public Accountant

September 3, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

West Central Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Because the District is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the District's financial position and results of operations.

2004 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$2,627,474 in fiscal 2003 to \$2,647,295 in fiscal 2004, while General Fund expenditures also increased from \$2,485,912 in fiscal 2003 to \$2,626,766 in fiscal 2004. The District's General Fund balance increased from \$241,859 in fiscal year 2003 to \$259,282 in fiscal year 2004, a 7% increase.
- The increase in General Fund revenues was attributable to a increase in property tax and state and federal grant revenue in fiscal year 2004. The increase in expenditures was due primarily to a increase in the negotiated salary and benefits and significant spending of Special Ed funds including a previous year carryover.
- Although interest rates declined during the past three fiscal years, when combined with more cash available to be invested, the result was interest earnings in the General Fund alone increasing from \$6,360 in fiscal 2003 to \$7,734 in fiscal 2004.
- In fiscal 2004, the District received the first revenues from a county-wide, voter approved Local Option Sales Tax.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of West Central Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report West Central Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which West Central Community School District acts solely as an agent or custodian for the benefit of those outside of County government.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
West Central Community School District Annual Financial Report

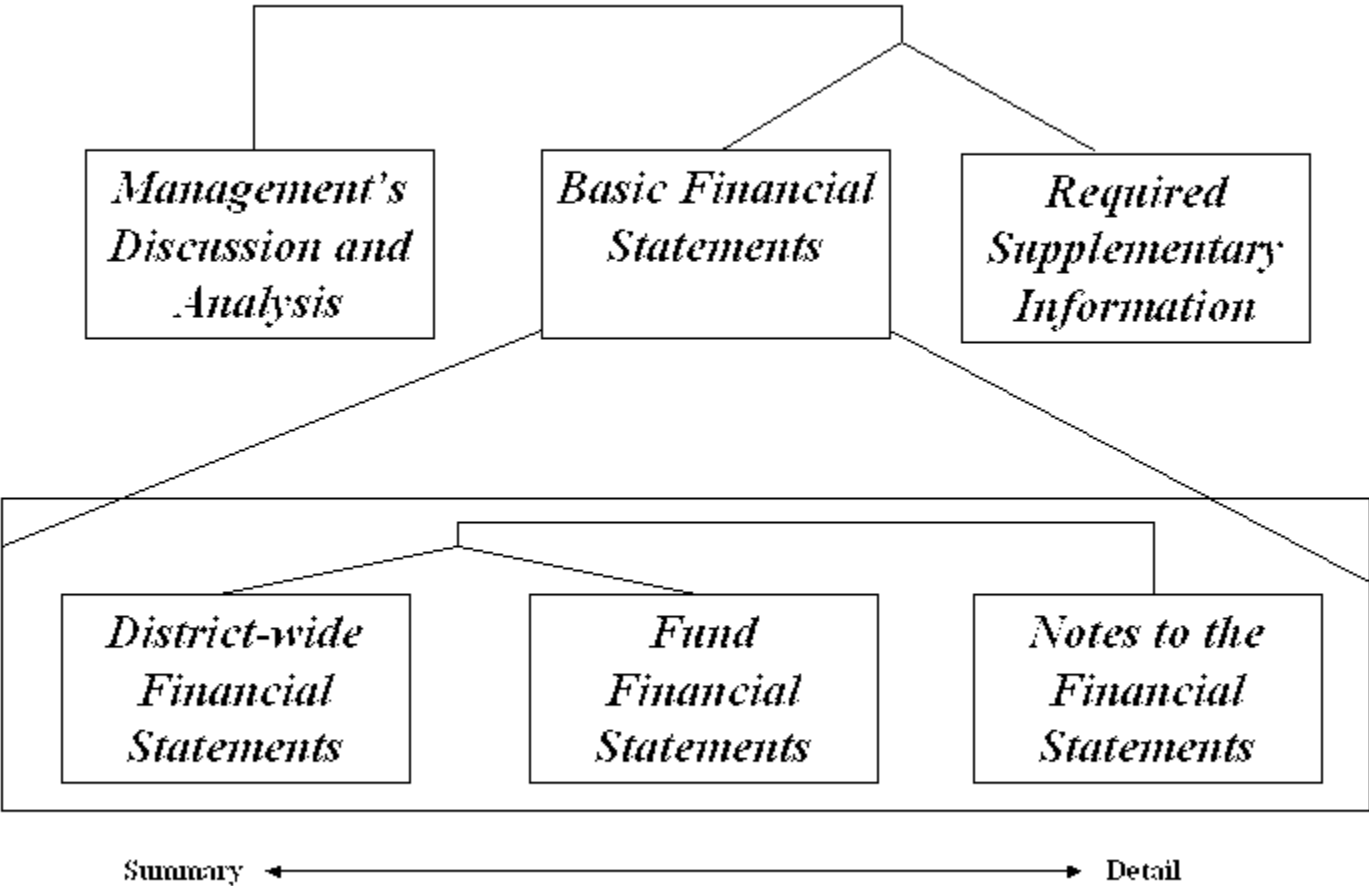


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net assets	Balance sheet	Statement of net assets	Statement of fiduciary net assets
	Statement of activities	Statement of revenues, expenditures and changes in fund balances	Statement of revenues, expenses and changes in fund net assets	Statement of changes in fiduciary net assets
			Statement of cash flows	
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long- term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long- term	All assets and liabilities, both short- term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include a Private-Purpose Trust Fund.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds includes a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliation between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2004 compared to June 30, 2003.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2004	2003	2004	2003	2004	2003	2003-2004
Current and other assets	\$2,514,723	\$2,854,684	\$26,301	\$22,804	\$2,541,024	\$2,877,488	-\$336,464
Capital assets	475,183	363,018	6,128	7,670	481,311	370,688	110,623
Total assets	\$2,989,906	\$3,217,702	\$32,429	\$30,474	\$3,022,335	\$3,248,176	-\$225,841
Long-term liabilities	\$74,030	\$85,330	\$-	\$-	\$74,030	\$85,330	-\$11,300
Other liabilities	2,030,388	2,476,634	1,734	2,309	2,032,122	2,478,943	-446,821
Total liabilities	\$2,104,418	\$2,561,964	\$1,734	\$2,309	\$2,106,152	\$2,564,273	-\$458,121
Net assets:							
Invested in capital assets, net of related debt	\$429,483	\$315,878	\$6,128	\$7,670	\$435,611	\$323,548	\$112,063
Restricted	196,723	98,001	-	-	196,723	98,001	98,722
Unrestricted	259,282	241,859	24,567	20,495	283,849	262,354	21,495
Total net assets	\$885,488	\$655,738	\$30,695	\$28,165	\$916,183	\$683,903	\$232,280

The District's combined net assets increased by nearly 25%, or approximately \$232,000, over the prior year. The largest portion of the District's net assets is in the "invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt". The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased by approximately \$99,000, or 50% over the prior year. The increase was primarily a result of increased revenue in the Capital Projects Fund.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$21,000, or 7%. This increase in unrestricted net assets was a result of the District's increased revenues from the Local Option Sales Tax.

Figure A-4 shows the change in net assets for the year ended June 30, 2004.

Figure A-4
Changes in Net Assets

	Governmental Activities	Business Type Activities	Total District
Revenues:			
Program revenues:			
Charges for service	\$217,888	\$65,988	\$283,876
Operating grants, contributions and restricted interest	323,450	49,339	372,789
Capital grants, contributions and restricted interest	-	-	-
General revenues:			
Property tax	1,448,026	-	1,448,026
Local option sales and services tax	93,640	-	93,640
Unrestricted state grants	936,473	-	936,473
Unrestricted investment earnings	9,682	282	9,964
Other	629	-	629
Total revenues	\$3,029,788	\$115,609	\$3,145,397
Program expenses:			
Governmental activities:			
Instruction	\$1,940,814	\$-	\$1,940,814
Support services	751,779	-	751,779
Non-instructional programs	-	113,079	113,079
Other expenses	107,445	-	107,445
Total expenses	\$2,800,038	\$113,079	\$2,913,117
Change in net assets	\$229,750	\$2,530	\$232,280

Property tax and unrestricted state grants account for 79% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 92% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$3,029,788 and expenses were \$2,800,038. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5
**Total and Net Cost of
Governmental Activities**

	Total Cost of Services	Net Cost of Services
Instruction	\$1,940,814	\$1,504,506
Support services	751,779	750,053
Non-instructional programs	-	-
Other expenses	107,445	4,141
Totals	\$2,800,038	\$2,258,700

- The cost financed by users of the District's programs was \$283,876.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$372,789.
- The net cost of governmental activities was financed with \$1,541,666 in property and other taxes and \$936,473 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$115,609 and expenses were \$113,079. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, West Central Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$485,976, well above last year's ending fund balances of \$378,320. The primary reason for the increase in combined fund balances in fiscal 2004 is due to increased revenue from the Local Option Sales Tax.

Governmental Fund Highlights

- The District's improving General Fund financial position is the result of many factors. Growth during the year in tax and grants resulted in an increase in revenues.
- The General Fund balance increased from \$241,859 to \$259,282, due in part to the increased revenue and existing expenditure commitments of the District.
- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from a deficit of \$9,939 in fiscal 2003 to \$41,763 in fiscal 2004. While revenues remained approximately the same, the District substantially reduced spending from the PPEL Fund in order to reduce the prior year deficit and improve the financial condition of the fund.
- The Capital Projects Fund balance increased due to the receipt of Local Option Sales Tax revenue. Fiscal 2004 ended with a balance of \$50,966.

Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$28,165 at June 30, 2003 to \$30,695 at June 30, 2004, representing an increase of approximately 8%.

BUDGETARY HIGHLIGHTS

Over the course of the year, West Central Community School District amended its annual budget one time to reflect additional expenditures associated with repairs and remodeling.

The District's receipts were \$121,567 less than budgeted receipts, a variance of 3%. The most significant variance resulted from the District receiving less in state aid than originally anticipated.

The District's total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2004, the District had invested \$.481 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 23% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$51,272.

The original cost of the District's capital assets was \$2.66 million. Governmental funds account for \$2.65 million, with the remainder of \$.01 million accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the furniture and equipment category. The District's furniture and equipment totaled \$1,516,590 at June 30, 2004, compared to \$1,446,662 reported at June 30, 2003. This increase resulted from purchases financed by the new Local Option Sales Tax.

Figure A-6
Capital Assets, net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2004	2003	2004	2003	2004	2003	2003-2004
Land	\$62,506	\$62,506	\$-	\$-	\$62,506	\$62,506	\$-
Construction in progress	-	-	-	-	-	-	-
Buildings	212,033	157,855	-	-	212,033	157,855	54,178
Improvements other than buildings	-	-	-	-	-	-	-
Furniture and equipment	200,644	142,657	6,128	7,670	206,772	150,327	56,445
Totals	\$475,183	\$363,018	\$6,128	\$7,670	\$481,311	\$370,688	\$110,623

Long-Term Debt

At June 30, 2004, the District had \$74,030 in notes payable and other long-term debt outstanding. This represents a decrease of approximately 13% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

Figure A-7
Outstanding Long-term Obligations

	Total District		Total Change
	June 30,		June 30,
	2004	2003	2003-2004
Notes payable	\$45,700	\$47,140	-\$1,440
Early retirement	28,330	38,190	-9,860
Totals	\$74,030	\$85,330	-\$11,300

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future.

- Fayette County has advised the District that the District's total taxable valuation will remain about the same for property tax collected in fiscal 2005.
- The District has experienced declining enrollment for the past three years and expects that trend to continue.
- The District has evaluated the condition of its facilities and equipment and determined, due to age and use, repairs and remodeling must be done during fiscal 2005 at a cost of \$81,000. To pay for these expenses, the District will use a combination of resources from the Capital Projects Fund and the Physical Plant and Equipment Levy Fund.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kenda Wedemeier, District Secretary/Treasurer and Business Manager, West Central Community School District, 305 Pember Street, Maynard IA 50655.

Basic Financial Statements

West Central Community School District

Statement of Net Assets

June 30, 2004

	Govern- mental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents:			
ISCAP	\$ 502,202	\$ -	\$ 502,202
Other	525,962	24,787	550,749
Receivables:			
Property tax:			
Delinquent	18,273	-	18,273
Succeeding year	1,430,134	-	1,430,134
Accounts	7,951	122	8,073
Accrued interest:			
ISCAP	1,961	-	1,961
Due from other governments	28,240	-	28,240
Inventories	-	1,392	1,392
Capital assets, net of accumulated depreciation	475,183	6,128	481,311
Total Assets	\$ 2,989,906	\$ 32,429	\$ 3,022,335
Liabilities			
Accounts payable	\$ 43,455	\$ 69	\$ 43,524
Salaries and benefits payable	53,185	12	53,197
Accrued interest payable	1,641	-	1,641
Deferred revenue-succeeding year property tax	1,430,134	-	1,430,134
Deferred revenue-other	-	1,653	1,653
ISCAP warrants payable	499,000	-	499,000
ISCAP accrued interest payable	2,973	-	2,973
Long-term liabilities:			
Portion due within one year:			
Early retirement	5,530	-	5,530
Notes payable	22,850	-	22,850
Portion due after one year:			
Early retirement	22,800	-	22,800
Notes payable	22,850	-	22,850
Total Liabilities	\$ 2,104,418	\$ 1,734	\$ 2,106,152
Net Assets			
Invested in capital assets, net of related debt	\$ 429,483	\$ 6,128	\$ 435,611
Restricted for:			
Management levy	6,134	-	6,134
Physical plant and equipment levy	41,763	-	41,763
Other special revenue purposes	148,826	-	148,826
Unrestricted	259,282	24,567	283,849
Total Net Assets	\$ 885,488	\$ 30,695	\$ 916,183

See notes to financial statements.

West Central Community School District

Statement of Activities

Year Ended June 30, 2004

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<u>Functions/Programs</u>				
Governmental Activities:				
Instruction:				
Regular instruction	\$ 1,294,777	\$ 116,231	\$ 131,210	\$ -
Special instruction	419,101	15,302	80,941	-
Other instruction	226,936	84,629	7,995	-
	<u>\$ 1,940,814</u>	<u>\$ 216,162</u>	<u>\$ 220,146</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 15,971	\$ -	\$ -	\$ -
Instructional staff services	38,471	-	-	-
Administration services	362,137	-	-	-
Operation and maintenance of plant services	223,714	-	-	-
Transportation services	111,486	1,726	-	-
	<u>\$ 751,779</u>	<u>\$ 1,726</u>	<u>\$ -</u>	<u>\$ -</u>
Non-instructional programs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other Expenditures:				
Facilities acquisition	\$ -	\$ -	\$ -	\$ -
Long-term debt interest	4,141	-	-	-
AEA flow-through	103,304	-	103,304	-
Depreciation (unallocated) *	-	-	-	-
	<u>\$ 107,445</u>	<u>\$ -</u>	<u>\$ 103,304</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 2,800,038</u>	<u>\$ 217,888</u>	<u>\$ 323,450</u>	<u>\$ -</u>
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	\$ 113,079	\$ 65,988	\$ 49,339	\$ -
Total	<u>\$ 2,913,117</u>	<u>\$ 283,876</u>	<u>\$ 372,789</u>	<u>\$ -</u>

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities		Business Type Activities		Total	
\$	-1,047,336	\$	-	\$	-1,047,336
	-322,858		-		-322,858
	-134,312		-		-134,312
\$	-1,504,506	\$	-	\$	-1,504,506
\$	-15,971	\$	-	\$	-15,971
	-38,471		-		-38,471
	-362,137		-		-362,137
	-223,714		-		-223,714
	-109,760		-		-109,760
\$	-750,053	\$	-	\$	-750,053
\$	-	\$	-	\$	-
\$	-	\$	-	\$	-
	-4,141		-		-4,141
	-		-		-
	-		-		-
\$	-4,141	\$	-	\$	-4,141
\$	-2,258,700	\$	-	\$	-2,258,700
\$	-	\$	2,248	\$	2,248
\$	-2,258,700	\$	2,248	\$	-2,256,452

West Central Community School District

Statement of Activities

Year Ended June 30, 2004

	Program Revenues		
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Expenses			
General Revenues:			
Property Tax Levied For:			
General purposes			
Debt service			
Capital outlay			
Local option sales and services tax			
Unrestricted state grants			
Unrestricted investment earnings			
Other			
Total General Revenues			
Change in net assets			
Net assets beginning of year, as restated			
Net Assets End of Year			

* This amount excludes the depreciation that is included in the direct expenses of the various programs.

See notes to financial statements.

Net (Expense) Revenue
And Changes in Net Assets

Governmental Activities		Business Type Activities		Total
\$	1,299,812	\$	-	\$ 1,299,812
	-		-	-
	148,214		-	148,214
	93,640		-	93,640
	936,473		-	936,473
	9,682		282	9,964
	629		-	629
\$	2,488,450	\$	282	\$ 2,488,732
\$	229,750	\$	2,530	\$ 232,280
	655,738		28,165	683,903
\$	885,488	\$	30,695	\$ 916,183

West Central Community School District

Balance Sheet
Governmental Funds

June 30, 2004

Assets	General	Non-major Special Revenue	Total
Cash and Pooled Investments:			
ISCAP	\$ 502,202	\$ -	\$ 502,202
Other	278,899	247,063	525,962
Receivables:			
Property Tax:			
Delinquent	15,817	2,456	18,273
Succeeding year	1,210,540	219,594	1,430,134
Accounts	7,462	489	7,951
Accrued interest:			
ISCAP	1,961	-	1,961
Due from other governments	19,261	8,979	28,240
Total Assets	\$ 2,036,142	\$ 478,581	\$ 2,514,723
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 11,162	\$ 32,293	\$ 43,455
Salaries and benefits payable	53,185	-	53,185
ISCAP warrants payable	499,000	-	499,000
ISCAP accrued interest payable	2,973	-	2,973
Deferred Revenue:			
Succeeding year property tax	1,210,540	219,594	1,430,134
Total Liabilities	\$ 1,776,860	\$ 251,887	\$ 2,028,747
Fund Balances:			
Reserved for debt service	\$ -	\$ -	\$ -
Unreserved	259,282	226,694	485,976
Total Fund Balances	\$ 259,282	\$ 226,694	\$ 485,976
Total Liabilities and Fund Balances	\$ 2,036,142	\$ 478,581	\$ 2,514,723

See notes to financial statements.

West Central Community School District

Reconciliation of the Balance Sheet – Governmental Funds
To the Statement of Net Assets

June 30, 2004

Total fund balances of governmental funds (page 16)	\$ 485,976
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	475,183
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds	-
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds	-1,641
Long-term liabilities, including notes payable and early retirement, are not due and payable in the current period and, therefore, are not reported in the funds	-74,030
Net assets of governmental activities (page 13)	<u>\$ 885,488</u>

West Central Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year Ended June 30, 2004

	General	Non-Major Special Revenue	Total
Revenues:			
Local Sources:			
Local tax	\$ 1,240,391	\$ 301,275	\$ 1,541,666
Tuition	94,614	-	94,614
Other	58,644	81,218	139,862
Intermediate sources	-	-	-
State sources	1,129,526	-	1,129,526
Federal sources	124,120	-	124,120
Total Revenues	\$ 2,647,295	\$ 382,493	\$ 3,029,788
Expenditures:			
Current:			
Instruction:			
Regular instruction	\$ 1,272,115	\$ 12,684	\$ 1,284,799
Special instruction	443,725	-	443,725
Other instruction	154,907	72,029	226,936
	\$ 1,870,747	\$ 84,713	\$ 1,955,460
Support Services:			
Student services	\$ 15,971	\$ -	\$ 15,971
Instructional staff services	38,471	-	38,471
Administration services	346,674	15,463	362,137
Operation and maintenance of plant services	174,439	46,790	221,229
Transportation services	77,160	5,377	82,537
	\$ 652,715	\$ 67,630	\$ 720,345
Non-instructional programs	\$ -	\$ -	\$ -
Other Expenditures:			
Facilities acquisition	\$ -	\$ 138,813	\$ 138,813
Long-Term Debt:			
Principal	-	92,140	92,140
Interest and fiscal charges	-	2,770	2,770
AEA flow-through	103,304	-	103,304
	\$ 103,304	\$ 233,723	\$ 337,027
Total Expenditures	\$ 2,626,766	\$ 386,066	\$ 3,012,832
Excess (deficiency) of revenues over (under) expenditures	\$ 20,529	\$ -3,573	\$ 16,956
Other Financing Sources (Uses):			
Operating transfers in	\$ -	\$ 114,468	\$ 114,468
Operating transfers out	-3,106	-111,362	-114,468
Loan proceeds	-	90,700	90,700
Total Other Financing Sources (Uses)	\$ -3,106	\$ 93,806	\$ 90,700
Net change in fund balances	\$ 17,423	\$ 90,233	\$ 107,656
Fund balances beginning of year, as restated (Note 11)	241,859	136,461	378,320
Fund Balances End of Year	\$ 259,282	\$ 226,694	\$ 485,976

See notes to financial statements.

West Central Community School District

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds
To the Statement of Activities**

Year Ended June 30, 2004

Net change in fund balances – total governmental funds (page 18) \$ 107,656

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, these costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 163,437	
Depreciation expense	-51,272	112,165

Certain delinquent property tax not collected for several months after year-end is not considered available revenue and is deferred in the governmental funds

-

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues, as follows:

Issued	\$ -90,700	
Repaid	92,140	1,440

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

-1,371

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement		9,860

Change in Net Assets of Governmental Activities (page 15) **\$ 229,750**

West Central Community School District

Statement of Net Assets
Proprietary Fund

June 30, 2004

	School Nutrition
Assets	
Cash and cash equivalents	\$ 24,787
Accounts receivable	122
Inventories	1,392
Capital assets, net of accumulated depreciation	6,128
Total Assets	\$ 32,429
Liabilities	
Accounts payable	\$ 69
Salaries and benefits payable	12
Deferred revenue	1,653
Total Liabilities	\$ 1,734
Net Assets	
Invested in capital assets, net of related debt	\$ 6,128
Unrestricted	24,567
Total Net Assets	\$ 30,695

See notes to financial statements.

West Central Community School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
Year Ended June 30, 2004

	School Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 65,988
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	\$ 43,651
Benefits	5,774
Purchased services	2,410
Supplies	59,702
Depreciation	1,542
Total operating expenses	\$ 113,079
Operating loss	\$ -47,091
Non-operating revenues:	
State sources	\$ 1,811
Federal sources	47,528
Interest income	282
Total non-operating revenues	\$ 49,621
Change in net assets	\$ 2,530
Net assets beginning of year	28,165
Net Assets End of Year	\$ 30,695

See notes to financial statements.

West Central Community School District

Statement of Cash Flows
Proprietary Fund

Year Ended June 30, 2004

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 61,693
Cash paid to employees for services	-43,650
Cash paid to suppliers for goods or services	-51,803
Net cash used by operating activities	<u>\$ -33,760</u>
Cash flows from non-capital financing activities:	
State grants received	\$ 1,811
Federal grants received	38,085
Net cash provided by non-capital financing activities	<u>\$ 39,896</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 282</u>
Net increase in cash and cash equivalents	\$ 6,418
Cash and cash equivalents beginning of year	<u>18,369</u>
Cash and Cash Equivalents End of Year	<u>\$ 24,787</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ -47,091
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	11,719
Depreciation	1,542
Decrease in inventories	505
Decrease in accounts receivable	139
Increase in accounts payable	10
(Decrease) in salaries and benefits payable	-954
Increase in deferred revenue	<u>370</u>
Net Cash Used by Operating Activities	<u>\$ -33,760</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2004, the District received \$9,443 of federal commodities.

West Central Community School District

Statement of Fiduciary Net Assets
Fiduciary Fund

June 30, 2004

	Private Purpose Trust <u>Scholarship</u>
Assets	
Cash and pooled investments	<u>\$ 14,282</u>
Liabilities	
Accounts payable	<u>\$ -</u>
Net Assets	
Reserved for scholarships	<u><u>\$ 14,282</u></u>

West Central Community School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
Year Ended June 30, 2004

	Private Purpose Trust <u>Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	\$ 9,916
Interest income	108
Total additions	<u>\$ 10,024</u>
Deductions	
Support services:	
Scholarships awarded	\$ 300
Supplies	3,374
Total Deductions	<u>\$ 3,674</u>
Change in net assets	\$ 6,350
Net assets beginning of year	<u>7,932</u>
Net Assets End of Year	<u>\$ 14,282</u>

West Central Community School District

Notes to Financial Statements

June 30, 2004

(1) Summary of Significant Accounting Policies

West Central Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Maynard, Westgate and Randalia, Iowa and portions of the predominately agricultural territory in Fayette County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U. S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, West Central Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. West Central Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The District reports the following major governmental fund:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary funds of the District apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2002 assessed property valuations; is for the tax accrual period July 1, 2003 through June 30, 2004 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2003.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 – 50 years
Furniture and equipment	5 – 15 years

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year-end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2004 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

(3) Inter-fund Transfers

The detail of inter-fund transfers for the year ended June 30, 2004 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:	Special Revenue:	
Physical Plant and Equipment Levy	Capital Projects	\$ 19,558
Debt Service	Physical Plant and Equipment Levy	91,804
Debt Service	General Fund	3,106
		<u>\$ 114,468</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2004 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2003-2004B	1/30/04	1/28/05	\$ 360,438	\$ 1,961	\$ 358,000	\$ 2,973
2004-2005A	6/30/04	6/30/05	141,764	-	141,000	-
Total			<u>\$ 502,202</u>	<u>\$ 1,961</u>	<u>\$ 499,000</u>	<u>\$ 2,973</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. There was no ISCAP advance activity in the General Fund for the year ended June 30, 2004.

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2003-04B	2.000%	1.392%
2004-05A	3.000%	2.463%

(5) Capital Assets

Capital assets activity for the year ended June 30, 2004 was as follows:

	Balance Beginning Of Year, as Restated (Note 11)	Increases	Decreases	Balance End Of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 62,506	\$ -	\$ -	\$ 62,506
Construction in progress	-	-	-	-
Total capital assets not being depreciated	\$ 62,506	\$ -	\$ -	\$ 62,506
Capital assets being depreciated:				
Buildings	\$ 1,002,776	\$ 65,509	\$ -	\$ 1,068,285
Improvements other than buildings	3,712	-	-	3,712
Furniture and equipment	1,446,662	97,928	28,000	1,516,590
Total capital assets being depreciated	\$ 2,453,150	\$ 163,437	\$ 28,000	\$ 2,588,587
Less accumulated depreciation for:				
Buildings	\$ 844,921	\$ 11,331	\$ -	\$ 856,252
Improvements other than buildings	3,712	-	-	3,712
Furniture and equipment	1,304,005	39,941	28,000	1,315,946
Total accumulated depreciation	\$ 2,152,638	\$ 51,272	\$ 28,000	\$ 2,175,910
Total capital assets being depreciated, net	\$ 300,512	\$ 112,165	\$ -	\$ 412,677
Governmental Activities Capital Assets, Net	\$ 363,018	\$ 112,165	\$ -	\$ 475,183
	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
Business type activities:				
Furniture and equipment	\$ 22,471	\$ -	\$ -3,962	\$ 18,509
Less accumulated depreciation	14,801	1,542	-3,962	12,381
Business Type Activities Capital Assets, Net	\$ 7,670	\$ -1,542	\$ -	\$ 6,128

Depreciation expense was charged to the following functions:

Governmental Activities:

Instruction:

Regular	\$	19,838
Special		-
Other		-

Support services:

Instructional staff		-
Administration		-
Operation and maintenance of plant		2,485
Transportation		28,949

\$ 51,272

Unallocated

-

Total Depreciation Expense – Governmental Activities

\$ 51,272

Business Type Activities:

Food service operations	\$	1,542
-------------------------	----	-------

(6) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2004 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Notes payable	\$ 47,140	\$ 90,700	\$ 92,140	\$ 45,700	\$ 22,850
Early retirement	38,190	8,400	18,260	28,330	5,530
Total	\$ 85,330	\$ 99,100	\$ 110,400	\$ 74,030	\$ 28,380

Energy Loan Note

During the year ended June 30, 1996, the District issued Energy Management Improvement Loan Notes for the amount of \$36,100. The proceeds are to be used to implement energy conservation and energy management programs. The loan is to be repaid in semiannual installments of \$5,626. The interest rate is 5.50%. The note is to be repaid from future tax receipts.

During the year ended June 30, 2004, the District made principal and interest payments totaling \$3,099 under the agreement. This note was paid in full.

Bus Loans

On August 21, 2001, the District borrowed \$73,007 from the Maynard Savings Bank to purchase a bus. The interest rate on the loan is 5.4%, with three annual payments of \$26,776.

On August 30, 2002, the District borrowed \$37,135 from the Maynard Savings Bank to purchase a bus. The interest rate on the loan is 5%, with two annual payments of \$19,655.

On April 5, 2004, the District borrowed \$45,700 from the Maynard Savings Bank to purchase a bus. The interest rate on the loan is 4.5%, with two annual payments of \$24,491.

During the year ended June 30, 2004, the District made principal and interest payments of \$45,424 under the agreements. The loans dated August 21, 2001 and August 30, 2002 were paid in full.

Improvement Loan

On July 30, 2003, the District borrowed \$45,000 from the Maynard Savings Bank to pay for school remodeling. The interest rate on the loan was 4.5%, with the loan due on January 30, 2004.

During the year ended June 30, 2004, the District made a principal and interest payment of \$45,480 under the agreement. This loan was paid in full.

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of continuous service to the District. Employees must complete an application, which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 50% of the employee's base salary calculated by using the current year regular salary schedule, less any other additional pay and subject to a maximum of \$20,000 per individual. Early retirement benefits paid during the year ended June 30, 2004 totaled \$18,260.

(7) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P. O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2004, 2003 and 2002. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$98,657, \$96,899 and \$98,114, respectively, equal to the required contributions for each year.

(8) Risk Management

West Central Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$103,304 for the year ended June 30, 2004 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Construction Commitment

The District has entered into contracts totaling \$81,339 for repairs and remodeling during the summer. As of June 30, 2004, no costs had been incurred against the contracts.

(11) Accounting Change and Restatements

Governmental Accounting Standards Board Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, was implemented for the year ended June 30, 2004. The interpretation modifies when compensated absence and early retirement liabilities are recorded under the modified accrual basis of accounting.

Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences, were implemented for the year ended June 30, 2004. The statements create new basic financial statements for reporting the District’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

The government-wide financial statements separate the District’s programs between governmental and business type activities. The beginning net assets for governmental activities has been restated to include capital assets, long-term liabilities and the changes in assets and liabilities at July 1, 2003 caused by the conversion to the accrual basis of accounting.

The effects of the accounting change and other restatements in the governmental activities are summarized as follows:

	General	Non-major Special Revenue	Total
Net assets June 30, 2003, as previously reported	\$ 241,859	\$ 131,354	\$ 373,213
GASB Interpretation 6 adjustments	-	5,107	5,107
Net Assets July 1, 2003, as Restated for Governmental Funds	<u>\$ 241,859</u>	<u>\$ 136,461</u>	<u>\$ 378,320</u>
GASB 34 Adjustments:			
Capital assets, net of accumulated depreciation of \$2,152,638			363,018
Long-Term Liabilities:			
Bonds and notes		\$ 47,140	
Early retirement		<u>38,190</u>	-85,330
Accrued interest payable			<u>-270</u>
Net Assets July 1, 2003, as Restated			<u>\$ 655,738</u>

Required Supplementary Information

West Central Community School District

**Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances –
Budget and Actual – All Governmental Funds and Proprietary Fund**

Required Supplementary Information

Year Ended June 30, 2004

	Governmental Funds Actual	Proprietary Fund Actual
Receipts:		
Local sources	\$ 1,776,142	\$ 66,270
Intermediate sources	-	-
State sources	1,129,526	1,811
Federal sources	124,120	47,528
Total Receipts	<u>\$ 3,029,788</u>	<u>\$ 115,609</u>
Disbursements:		
Instruction	\$ 1,955,460	\$ -
Support services	720,345	-
Non-instructional programs	-	113,079
Other expenditures	337,027	-
Total Disbursements	<u>\$ 3,012,832</u>	<u>\$ 113,079</u>
Excess (deficiency) of receipts over (under) disbursements	\$ 16,956	\$ 2,530
Other financing sources, net	<u>90,700</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	\$ 107,656	\$ 2,530
Balances beginning of year	<u>378,320</u>	<u>28,165</u>
Balances End of Year	<u><u>\$ 485,976</u></u>	<u><u>\$ 30,695</u></u>

See accompanying independent auditor's report.

Total		Budgeted Amounts		Final To			
Actual		Original	Final	Actual Variance			
\$	1,842,412	\$	1,845,099	\$	1,845,099	\$	-2,687
	-		-		-		-
	1,131,337		1,210,865		1,210,865		-79,528
	171,648		211,000		211,000		-39,352
\$	3,145,397	\$	3,266,964	\$	3,266,964	\$	-121,567
\$	1,955,460	\$	2,121,000	\$	2,121,000	\$	165,540
	720,345		794,800		814,800		94,455
	113,079		142,000		142,000		28,921
	337,027		277,726		380,346		43,319
\$	3,125,911	\$	3,335,526	\$	3,458,146	\$	332,235
\$	19,486	\$	-68,562	\$	-191,182	\$	210,668
	90,700		-		-		90,700
\$	110,186	\$	-68,562	\$	-191,182	\$	301,368
	406,485		311,430		311,430		95,055
\$	516,671	\$	242,868	\$	120,248	\$	396,423

West Central Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year Ended June 30, 2004

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted disbursements by \$122,620.

Other Supplementary Information

West Central Community School District

**Combining Balance Sheet
Non-Major Special Revenue Funds**

June 30, 2004

	Debt Service	Management Levy
Assets		
Cash and pooled investments	\$ -	\$ 33,672
Receivables:		
Property Tax:		
Delinquent	-	792
Succeeding year	-	80,000
Accounts	-	-
Due from other governments	-	-
Total Assets	<u>\$ -</u>	<u>\$ 114,464</u>
Liabilities and Fund Equity		
Liabilities:		
Accounts payable	\$ -	\$ -
Deferred Revenue:		
Succeeding year property tax	-	80,000
Total Liabilities	<u>\$ -</u>	<u>\$ 80,000</u>
Fund Equity:		
Unreserved fund balances	\$ -	\$ 34,464
Total Liabilities and Fund Equity	<u>\$ -</u>	<u>\$ 114,464</u>

See accompanying independent auditor's report.

Student Activity	Physical Plant and Equipment Levy	Capital Projects	Total
\$ 99,012	\$ 70,863	\$ 43,516	\$ 247,063
-	1,664	-	2,456
-	139,594	-	219,594
489	-	-	489
	-	8,979	8,979
<u>\$ 99,501</u>	<u>\$ 212,121</u>	<u>\$ 52,495</u>	<u>\$ 478,581</u>
\$ -	\$ 30,764	\$ 1,529	\$ 32,293
-	139,594	-	219,594
<u>\$ -</u>	<u>\$ 170,358</u>	<u>\$ 1,529</u>	<u>\$ 251,887</u>
\$ 99,501	\$ 41,763	\$ 50,966	\$ 226,694
<u>\$ 99,501</u>	<u>\$ 212,121</u>	<u>\$ 52,495</u>	<u>\$ 478,581</u>

West Central Community School District

**Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Special Revenue Funds**

Year Ended June 30, 2004

	Debt Service	Management Levy
Revenues:		
Local sources:		
Local tax	\$ -	\$ 59,421
Other	-	252
Total Revenues	<u>\$ -</u>	<u>\$ 59,673</u>
Expenditures:		
Current:		
Instruction:		
Regular instruction	\$ -	\$ 12,684
Other instruction	-	-
Support services:		
Administration services	-	15,463
Operation and maintenance of plant services	-	46,790
Transportation services	-	5,377
Other expenditures:		
Facilities acquisition	-	-
Long-term debt:		
Principal	92,140	-
Interest	2,770	-
Total Expenditures	<u>\$ 94,910</u>	<u>\$ 80,314</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -94,910</u>	<u>\$ -20,641</u>
Other financing sources (uses):		
Operating transfers in	\$ 94,910	\$ -
Operating transfers out	-	-
Loan proceeds	-	-
Total other financing sources (uses)	<u>\$ 94,910</u>	<u>\$ -</u>
Excess (deficiency) over revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -20,641</u>
Fund balances beginning of year, as restated	-	55,105
Fund balances end of year	<u>\$ -</u>	<u>\$ 34,464</u>

See accompanying independent auditor's report

Student Activity	Physical Plant and Equipment Levy	Capital Projects	Total
\$ -	\$ 148,214	\$ 93,640	\$ 301,275
80,235	518	213	81,218
\$ 80,235	\$ 148,732	\$ 93,853	\$ 382,493
\$ -	\$ -	\$ -	\$ 12,684
72,029	-	-	72,029
-	-	-	15,463
-	-	-	46,790
-	-	-	5,377
-	115,484	23,329	138,813
-	-	-	92,140
-	-	-	2,770
\$ 72,029	\$ 115,484	\$ 23,329	\$ 386,066
\$ 8,206	\$ 33,248	\$ 70,524	\$ -3,573
\$ -	\$ 19,558	\$ -	\$ 114,468
-	-91,804	-19,558	-111,362
-	90,700	-	90,700
\$ -	\$ 18,454	\$ -19,558	\$ 93,806
\$ 8,206	\$ 51,702	\$ 50,966	\$ 90,233
91,295	-9,939	-	136,461
\$ 99,501	\$ 41,763	\$ 50,966	\$ 226,694

West Central Community School District

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2004

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Potpourri/Pepsi Funds	\$ 34,452	\$ 7,589	\$ 3,508	\$ 9	\$ 38,542
Yearbook	394	6,454	6,522	-	326
Student Council	5,280	8,459	8,582	-	5,157
Industrial Arts Club	1,044	814	728	-	1,130
Spanish Club	16,720	-	7	-	16,713
Senior Class	10	764	4,004	3,260	30
Junior Class	3,271	1,300	1,966	-57	2,548
Sophomore Class	3,212	140	13	690	4,029
Freshman Class	3,902	455	21	879	5,215
8 th Grade	4,781	1,050	-	-2,427	3,404
7 th Grade	2,355	811	-	-1,109	2,057
6 th Grade	1,245	710	-	-1,245	710
Dramatics	11	1,386	1,372	-	25
Vocal Music	878	5,042	4,400	-	1,520
Instrumental Music	786	7,445	6,516	-	1,715
Athletics/Cheerleaders	2,704	25,105	21,298	-	6,511
Musical/Concert	3,705	-	1,303	-	2,402
Resale	3,394	861	867	-	3,388
Student Sales	-	8,453	8,453	-	-
School Store	3,151	3,397	2,469	-	4,079
Total	\$ 91,295	\$ 80,235	\$ 72,029	\$ -	\$ 99,501

West Central Community School District

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Three Years

	Modified Accrual Basis		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenues:			
Local Sources:			
Local tax	\$ 1,541,666	\$ 1,444,122	\$ 1,161,760
Tuition	94,614	90,241	84,569
Other	139,862	163,343	138,748
Intermediate sources	-	-	-
State sources	1,129,526	1,120,264	1,198,018
Federal sources	124,120	104,447	89,744
Total	<u>\$ 3,029,788</u>	<u>\$ 2,922,417</u>	<u>\$ 2,672,839</u>
Expenditures:			
Instruction:			
Regular instruction	\$ 1,284,799	\$ 1,192,340	\$ 1,200,633
Special instruction	443,725	381,214	354,504
Other instruction	226,936	265,417	253,278
Support services:			
Student services	15,971	27,982	54,523
Instructional staff services	38,471	42,258	40,834
Administration services	362,137	328,894	306,796
Operation and maintenance of plant services	221,229	352,799	193,732
Transportation services	82,537	83,253	86,836
Central support services	-	6,726	-
Non-instructional programs	-	-	-
Other expenditures:			
Facilities acquisition	138,813	-	129,476
Long-term debt:			
Principal	92,140	60,970	35,170
Interest and other charges	2,770	5,009	4,606
AEA flow-through	103,304	109,927	109,584
Total	<u>\$ 3,012,832</u>	<u>\$ 2,856,789</u>	<u>\$ 2,769,972</u>

See accompanying independent auditor's report.

**Independent Auditor's Report on Compliance
And on Internal Control over Financial Reporting**

Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting

To the Board of Education of
West Central Community School District:

I have audited the financial statements of West Central Community School District as of and for the year ended June 30, 2004, and have issued my report thereon dated September 3, 2004. I conducted my audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether West Central Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have all been resolved.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the West Central Community School District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I believe item I-A-04 is a material weakness. Prior year reportable conditions have been resolved except for item I-A-04.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of West Central Community School District and other parties to whom West Central Community School District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of West Central Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

A handwritten signature in black ink, appearing to read "Keith Oltrogge", is centered within a light blue rectangular box. The signature is fluid and cursive.

Keith Oltrogge
Certified Public Accountant

September 3, 2004

West Central Community School District

Schedule of Findings

Year Ended June 30, 2004

Part I – Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

I-A-04 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

Recommendation – I realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

Response – We will continue to review our procedures and implement additional controls where possible.

Conclusion – Response accepted.

West Central Community School District

Schedule of Findings

Year Ended June 30, 2004

Part II - Other Findings Related to Statutory Reporting:

II-A-04 Official Depositories - Official depositories have been approved by the District. The maximum deposit amounts approved were exceeded during the year ended June 30, 2004.

Recommendation – The District should review the maximum deposit amounts and increase them as necessary.

Response – We will review the maximum deposit amounts and increase them.

Conclusion – Response accepted.

II-B-04 Certified Budget – Disbursements for the year ended June 30, 2004 did not exceed the amounts budgeted.

II-C-04 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-D-04 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

II-E-04 Business Transactions – No business transactions between the District and District officials or employees are detailed were noted.

II-F-04 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

II-G-04 Board Minutes – The minutes record was examined and appeared to give a condensed account of business transactions by the Board. No transactions requiring Board approval which had not been approved by the Board were noted.

II-H-04 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

II-I-04 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

II-J-04 Certified Annual Report – The Certified Annual Report was filed with the Iowa Department of Education timely and I noted no significant deficiencies in the amounts reported.